

**QUALIFIED PURCHASER DESIGNATION**

WHEREAS, an effort to counter the negative effects that vendors of the State of Illinois (the “**State**”) are experiencing due to the delay in payment of accounts payable owed by the State to such vendors, the State is implementing a program whereby qualified purchasers will have the opportunity to purchase outstanding accounts receivable directly from qualified vendors and, through the assignment of such accounts receivable by the vendors, become creditors of the State. In furtherance of this goal, the State is establishing the Vendor Payment Program (the “**Program**”) on the terms set forth in the attached Exhibit A (the “**Program Terms**”).

WHEREAS, [PURCHASER] (“**Qualified Purchaser**”) has indicated its interest in participating in the Program as a “Qualified Purchaser” on the terms set forth in the Program Terms.

NOW THEREFORE, in order to participate in the Program, Qualified Purchaser hereby agrees to adhere to the terms and conditions set forth below and in the attached Program Terms:

**I. Definitions**

Capitalized terms used but not defined herein have the meanings ascribed to them in the Program Terms.

**II. Designation as Qualified Purchaser**

Effective as of the date hereof, Qualified Purchaser hereby agrees to act as a Qualified Purchaser under the Program and to commit to the purchase of Qualified Accounts Receivable with an aggregate value of a minimum of \$[\_\_\_\_\_] (the “Commitment Amount”). Qualified Purchaser shall have all the rights and to perform and be bound by all the obligations of a Qualified Purchaser thereunder, all on the terms and conditions set forth in the Program Terms.

**III. Participation of Sub-Participant**

To the extent that Assigned Receivables will be purchased through Qualified Purchaser by one or more Sub-Participants, prior to any such purchase, each such Sub-Participant shall have executed and delivered to the State a Sub-Participant Certification, which Certification(s) shall be attached hereto as Schedule 1 and expressly incorporated herein by reference.

**Miscellaneous**

**A. Representations.** Qualified Purchaser represents and warrants that:

- (1) It has all requisite authority to agree to the Program Terms and to this Qualified Purchaser Designation (the “**Designation**”), to enter into the Program and to perform all obligations required to be performed by it as a Qualified Purchaser under the Program Terms, and that the execution and delivery of this Designation by Qualified Purchaser does not, and the performance of its obligations under this Designation and the Program will

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not, conflict with any provision of any law, regulation or administrative rule, or any agreement or court or administrative order or decree binding upon Qualified Purchaser.

- (2) In the event that any assignment of a Qualified Account Receivable to Qualified Purchaser pursuant to the Program is considered to be a sale of a security under the Securities Act of 1933 (the “Act”), Qualified Purchaser is a “qualified institutional buyer” as defined under Rule 144A promulgated under the Act.
- (3) In the event that any assignment of a Qualified Account Receivable to Qualified Purchaser pursuant to the Program is considered to be a sale of a security under the Securities Act of 1933 (the “Act”), Qualified Purchaser understands that the Qualified Account Receivable would constitute an exempted security under the Act and that registration is not legally required as of the date hereof and further understands that the Qualified Accounts Receivable (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) may not be readily marketable and are subject to certain restrictions on transfer, all of which may require Qualified Purchaser to hold the Qualified Account Receivable for an indefinite period of time.
- (4) Qualified Purchaser understands that (a) the Qualified Accounts Receivable are not secured by any pledge of any moneys received or to be received from taxation by the State of Illinois or any political division thereof, and (b) the Qualified Account Receivables do not represent a pledge of the faith and credit of the State or any political subdivision thereof.
- (5) Qualified Purchaser acknowledges that it has either been supplied with or has been given access to information to which a reasonable investor would attach significance in making investment decisions, and Qualified Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Program and Qualified Accounts Receivable. Qualified Purchaser acknowledges that it has not relied upon, and will not rely upon, the State or any Participating Vendor for any information in connection with the Qualified Purchaser’s purchase of any Qualified Accounts Receivable and that it has the requisite knowledge and experience to evaluate the risks associated with the purchase of a Qualified Account Receivable and has consulted with its own legal and financial advisors with respect thereto.

**B. Entirety of Agreement.** The terms set forth herein, the Program Terms and any applicable Assignment Agreement shall embody the entire understanding by Qualified Purchaser of the subject matter hereof and thereof and supersede all prior commitments, agreements,

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representations and understandings, whether written or oral, relating to the subject matter hereof and thereof. In event of a conflict between the terms of this Designation, and the Program Terms, the Program Terms shall prevail.

**C. Amendment.** This Designation may not be amended except by a writing executed by Qualified Purchaser and Illinois Department of Central Management Services.

**D. No Joint Venture.** Neither this Designation nor Qualified Purchaser's participation in the Program shall be deemed to create or intend a joint venture or a partnership between Qualified Purchaser and the State or any agency or instrumentality thereof or deem any party the agent of the other.

**E. Uncertainty of Payment.** Qualified Purchaser is aware that Qualified Accounts Receivable are unsecured obligations of the State and that the State's payment thereof is subject to risk and cannot be guaranteed.

**F. Invalidity of Designation/Choice of Law.** If any provision of this Designation shall be rendered invalid by operation of law or otherwise, such provision shall be construed as separate and severable and shall not affect or impair the rights and obligations of Qualified Purchaser under the remainder of this Designation, unless the invalidity of such provision shall substantially defeat the purposes of this Designation. This Designation shall be governed by and shall be construed and enforced in accordance with the internal laws of the State of Illinois.

**IN WITNESS WHEREOF,** the undersigned has caused this Designation to be executed by its duly authorized representative as of the date set forth below.

**[QUALIFIED PURCHASER]**

By: \_\_\_\_\_

Name:

Title:

Date:

**Schedule 1**

**SUB-PARTICIPANT CERTIFICATION**

[SUB-PARTICIPANT] (“Sub-Participant”) HEREBY CERTIFIES that it agrees to enter into the Program as a Sub-Participant<sup>1</sup> and that it shall be bound by the Program Terms and the terms of that certain Qualified Purchaser Designation dated [\_\_\_\_], 2011 executed by [\_\_\_\_] (the “Designation”), and further agrees to perform all of the obligations required to be performed by it as a Sub-Participant under the Designation, the Program and the Program Terms, each of which is expressly adopted by Sub-Participant and ratified herein.

Sub-Participant further agrees that it shall cause the Qualified Purchaser under the Designation to perform all of its obligations under the Program and the Program Terms, and all of the ancillary documents related to the Program including, without limitation, any assignment agreement between the Qualified Purchaser and a participating vendor.

Sub-Participant hereby represents and warrants that:

- (1) Sub-Participant has all requisite authority to agree to the Program Terms and the Designation, to enter into the Program and to perform all obligations required to be performed by it as a Sub-Participant under the Program Terms, and that the execution and delivery of this Certification by Sub-Participant does not, and the performance of its obligations under this Certification, the Designation and the Program will not, conflict with any provision of any law, regulation or administrative rule, or any agreement or court or administrative order or decree binding upon Sub-Participant.
- (2) Sub-Participant will cause the Qualified Purchaser under the Designation to perform all of its obligations under the Program and the Program Terms, and all of the ancillary documents related to the Program including, without limitation, any assignment agreement between the Qualified Purchaser and a participating vendor.
- (3) In the event that any assignment of a Qualified Account Receivable to Sub-Participant pursuant to the Program is considered to be a sale of a security under the Securities Act of 1933 (the “Act”), Sub-Participant is a “qualified institutional buyer” as defined under Rule 144A promulgated under the Act.
- (4) In the event that any assignment of a Qualified Account Receivable to Sub-Participant pursuant to the Program is considered to be a sale of a security under the Securities Act of 1933 (the “Act”), Sub-Participant understands that the Qualified Account Receivable would constitute an exempted security under the Act and that registration is not legally required as of the date hereof

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings ascribed to them in the Designation or Program Terms, as applicable.

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and further understands that the Qualified Accounts Receivable (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) may not be readily marketable and are subject to certain restrictions on transfer, all of which may require Sub-Participant to hold the Qualified Account Receivable for an indefinite period of time.

- (5) Sub-Participant understands that (a) the Qualified Accounts Receivable are not secured by any pledge of any moneys received or to be received from taxation by the State of Illinois or any political division thereof, and (b) the Qualified Account Receivables do not represent a pledge of the faith and credit of the State or any political subdivision thereof.
- (6) Sub-Participant acknowledges that it has either been supplied with or has been given access to information to which a reasonable investor would attach significance in making investment decisions, and Sub-Participant has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Program and Qualified Accounts Receivable. Sub-Participant acknowledges that it has not relied upon, and will not rely upon, the State or any Participating Vendor for any information in connection with the Sub-Participant’s acquisition of any Qualified Accounts Receivable and that it has the requisite knowledge and experience to evaluate the risks associated with the purchase of a Qualified Account Receivable and has consulted with its own legal and financial advisors with respect thereto.

**[SUB-PARTICIPANT]**

By: \_\_\_\_\_

Name:

Title:

Date: